



**COUNTY OF LOS ANGELES
DEPARTMENT OF AUDITOR-CONTROLLER**

KENNETH HAHN HALL OF ADMINISTRATION
500 WEST TEMPLE STREET, ROOM 525
LOS ANGELES, CALIFORNIA 90012-3873
PHONE: (213) 974-8301 FAX: (213) 626-5427

WENDY L. WATANABE
AUDITOR-CONTROLLER

ASST. AUDITOR-CONTROLLERS

ROBERT A. DAVIS
JOHN NAIMO
JAMES L. SCHNEIDERMAN

November 19, 2012

TO: Supervisor Zev Yaroslavsky, Chairman
Supervisor Gloria Molina
Supervisor Mark Ridley-Thomas
Supervisor Don Knabe
Supervisor Michael D. Antonovich

FROM: Wendy L. Watanabe
Auditor-Controller

SUBJECT: **SOUTHERN CALIFORNIA ALCOHOL AND DRUG PROGRAMS, INC. –
A DEPARTMENT OF PUBLIC SOCIAL SERVICES DOMESTIC
VIOLENCE SUPPORTIVE SERVICES AND COMMUNITY SERVICE
BLOCK GRANT PROGRAMS PROVIDER – FOLLOW-UP REVIEW**

We completed a follow-up review of Southern California Alcohol and Drug Programs, Inc. (SCADP or Agency). Our review was intended to evaluate the Agency's progress in implementing the recommendations from our December 30, 2011 monitoring report. The Department of Public Social Services (DPSS) contracts with SCADP to operate the Domestic Violence Supportive Services (DVSS) Program, and Community Services Block Grant (CSBG) Angel Step Too (AST) and Awakenings Programs. DPSS paid SCADP approximately \$223,000 for these Programs during Fiscal Year 2011-12.

RESULTS OF REVIEW

Our December 30, 2011 report identified eight significant areas of non-compliance in SCADP's revenue and expenditure accounting. We recommended that DPSS require SCADP to implement our recommendations, and consider placing SCADP in the County's Contractor Alert Reporting Database (CARD) if the Agency did not correct the deficiencies.

Our follow-up indicates that, as of May 11, 2012, SCADP had not implemented seven (88%) of the eight recommendations. As a result, we recommend that DPSS place SCADP in CARD, and consider imposing contractual remedies, up to and including contract termination. Details of our original recommendations and their implementation status are attached.

We discussed the results of our review with SCADP and DPSS. SCADP indicated that they started to implement some of the seven recommendations in July 2012. DPSS indicated agreement with our recommendations to place SCADP in CARD, and consider imposing contractual remedies.

We thank SCADP management for their cooperation and assistance during our review. Please call me if you have any questions, or your staff may contact Don Chadwick at (213) 253-0301.

WLW:JLS:DC:AA:JS

Attachment

c: William T Fujioka, Chief Executive Officer
Sheryl L. Spiller, Director, Department of Public Social Services
Lynne Appel, Executive Director, SCADP
Public Information Office
Audit Committee

**SOUTHERN CALIFORNIA ALCOHOL AND DRUG PROGRAMS, INC.
DOMESTIC VIOLENCE SUPPORTIVE SERVICES PROGRAM AND COMMUNITY
SERVICES BLOCK GRANT PROGRAMS
FOLLOW-UP REVIEW**

CASH/REVENUE

Recommendation 1

Southern California Alcohol and Drug Programs (SCADP) management revise the Agency's accounting records for the contract term to ensure the revenues are recorded based on actual receipts, and maintain separate revenue accounts for each program.

Current Status: NOT IMPLEMENTED

We met with SCADP management, and noted that the Agency has updated their accounting software. The new software would allow the Agency to establish separate revenue accounts for each of the Agency's programs. However, SCADP has not established separate revenue accounts. In addition, the Agency continues to record revenue based on one-twelfth of the annual contract budgets each month, instead of the actual amounts received, and has not revised their accounting records for the contract term.

Recommendation 2

SCADP management ensure bank accounts are reconciled to the Agency's accounting records when completing the bank reconciliations.

Current Status: NOT IMPLEMENTED

We reviewed SCADP's March 2012 bank reconciliations, and noted the Agency still does not reconcile their bank accounts to their accounting records.

EXPENDITURES/PROCUREMENT

Recommendations 3 & 4

SCADP management revise the Agency's accounting records for the contract term to separate and reallocate expenditures by program using appropriate allocation methods, provide Department of Public Social Services (DPSS) with supporting documentation, and repay any overbilled amounts.

SCADP management ensure expenditures are accounted for by program in the Agency's financial records.

Current Status: NOT IMPLEMENTED

As noted earlier, we met with SCADP management and noted that the Agency has updated their accounting software. The new software would allow the Agency to maintain separate cost accounts for each of the Agency's programs. However, SCADP has not established separate expenditure accounts for each program, and has not revised their accounting records.

Recommendation 5

SCADP management ensure shared expenditures are allocated in compliance with the County contracts, and maintain supporting documentation.

Current Status: NOT IMPLEMENTED

In our December 30, 2011 report, we indicated that SCADP did not have documentation to support the expenditures charged to the Angel Step Too (AST) and Awakenings Programs. In addition, while they did have an accounting of Domestic Violence Supportive Services (DVSS) Program expenditures, SCADP did not have documentation to support how they allocated the expenditures to the DVSS Program.

During our follow-up review, SCADP provided documentation to show how they allocate expenditures to the DVSS Program. However, the Agency inappropriately allocates expenditures to the DVSS Program based on the budgeted payroll expenditures. In addition, SCADP still does not maintain documentation to support the expenditures charged to the AST and Awakenings Programs.

PAYROLL AND PERSONNEL**Recommendation 6**

SCADP management obtain signed Employee Acknowledgement and Confidentiality Agreements for all employees working on the Programs.

Current Status: IMPLEMENTED

SCADP obtained signed agreements for their employees.

COST ALLOCATION PLAN**Recommendation 7**

SCADP management develop a Cost Allocation Plan that complies with the County contract.

Current Status: NOT IMPLEMENTED

SCADP management indicated that they have not revised their Cost Allocation Plan.

CLOSE-OUT REVIEW

Recommendation 8

SCADP management prepare and provide DPSS with revised close-out reports for the contract term based on their revised accounting records, and repay any unspent revenue.

Current Status: NOT IMPLEMENTED

As noted earlier, SCADP has not revised their accounting records. As a result, they have not provided DPSS with revised close-out reports for the contract term, or repaid any unspent revenue to DPSS.